

RESOLUTION

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

THAT the Mayor be authorized to sign letters of support to Senators John Cornyn and Kay Bailey Hutchison and Congressmen Silvestre Reyes and Henry Bonilla to restore funding to the Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) programs in the Department of Housing and Urban Development's FY 2005 budget request.

ADOPTED this 24th day of August, 2004.

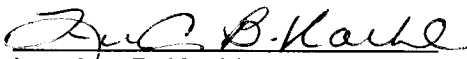
CITY OF EL PASO

Joe Wardy
Mayor

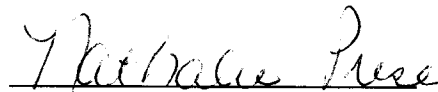
ATTEST:

Richarda Duffy Momsen
City Clerk

APPROVED AS TO FORM:


Lee Ann B. Koehler
Assistant City Attorney

APPROVED AS TO CONTENT:


Nathalie Prise, Interim Director
Community and Human Development

JOE WARDY
MAYOR



CITY COUNCIL

SUSAN AUSTIN
DISTRICT NO. 1

ROBERT A. CUSHING Jr.
DISTRICT NO. 2

JOSE ALEXANDRO LOZANO
DISTRICT NO. 3

JOHN COOK
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DANIEL S. POWER
DISTRICT NO. 5

PAUL J. ESCOBAR
DISTRICT NO. 6

VIVIAN ROJAS
DISTRICT NO. 7

ANTHONY COBOS
DISTRICT NO. 8

August 24, 2004

The Honorable Henry Bonilla, Congressman
2458 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Bonilla:

As the FY 2005 appropriation process continues, we respectfully request your support for two critically important programs within the U.S. Department of Housing and Urban Development (HUD): the Community Development Block Grant (CDBG) and the HOME Investment Partnerships (HOME) programs. These two programs allow local governments to address a variety of housing and community development needs. CDBG and HOME work, and they are making a real difference in people's lives. It is our sincere hope that these effective programs be funded at levels that reflect the very real community development and affordable housing needs that exist across the country.

In El Paso, CDBG and HOME program funds have: (1) enabled impoverished citizens to realize the dream of homeownership, (2) expanded affordable housing opportunities, (3) improved and created new recreational opportunities in low- and moderate-income neighborhoods, (4) removed barriers that would otherwise inhibit disabled and frail persons, (5) improved the safety of neighborhood streets by providing new drainage control systems, and (6) enhanced and built new libraries, health centers and numerous other quality of life facilities throughout our neighborhoods.

We urge you to provide \$5 billion in *formula* funding for CDBG and \$2.25 billion in *formula* funding for the HOME program in FY 2005. We are concerned about the decreasing formula allocation to CDBG grantees, particularly in the last year. In FY 2004, 71 smaller communities became eligible to directly receive CDBG funds due to a change in the definition of "metropolitan city". Another 66 communities will become directly eligible to receive CDBG funds in FY 2005 because of this change. In addition, across the board cuts to the program in the last two years have reduced the overall formula allocation and escalating set-asides continue to thwart an increase in the formula allocation.

Moreover, we are concerned about the Office of Management and Budget's (OMB) characterization of the CDBG program as "ineffective" as stated in the Administration's FY 2005

budget request. OMB reached this conclusion through application of its Performance Assessment Rating Tool (PART). OMB developed PART in isolation, with no participation by grantees that administer the program on a day-to-day basis. The questions posed in PART do not lend themselves to effectively assessing the program. In the PART review of the CDBG program, it appears that OMB has chosen to ignore Congressional intent, reinterpret the statute, and distort the facts in order to advance a dogmatic agenda and avoid any acknowledgment of the positive achievements from the more than \$105 billion in CDBG funds spent by cities, counties and States since 1975. We have attached a fact sheet, developed by the National Community Development Association that refutes OMB's assessment of CDBG as "ineffective" and demonstrates the recent accomplishments for both CDBG and HOME.

Finally, we would urge Congress to support \$7.325 million in credit subsidy funding for Section 108, \$50 million for the Brownfields Economic Initiative, and \$50 million for the Lead Hazard Reduction Demonstration Program. The Administration has proposed the elimination of funding for these programs in FY 2005, even though they are all critical to supporting the work of CDBG and HOME.

We appreciate your continued support of these programs. Please feel free to contact Ms. Nathalie Prise, Interim Director of the City's Department of Community and Human Development, at (915) 541-4643 with any questions.

Sincerely,

Joe Wardy, Mayor
City of El Paso, Texas

Attachments

Community Development Block Grant (CDBG) FACT SHEET

- In FY 2003 alone, 94.8% of the CDBG funds allocated to entitlement communities went to activities principally benefitting low- and moderate-income persons and 96.7% of the CDBG funds allocated to States went to activities principally benefitting low- and moderate-income persons.
- A total of 184,611 households were assisted through the program in FY 2003.
- CDBG created or retained an astounding 108,700 jobs in FY 2003, even though the overall number of national jobs declined by 433,000 during this same period.
- For every one dollar of CDBG funding another \$2.79 in private funding and \$0.77 in public funding was leveraged in FY 2003.
- CDBG has a good track record in business retention, with over 80% of the businesses assisted through the program still in operation after three years.
- Only 44 CDBG grantees (4%) out of 1,160 are considered “untimely” in spending their allocation, meaning they have at least 1.5 years of their current allocation remaining to be spent. This number is down markedly from 330 grantees in 1999.
- In FY 2003 alone, \$951 million in CDBG funds were provided for housing activities, such as construction, rehabilitation, homebuyer assistance, lead-based paint testing and abatement, and code enforcement, among others.
- In FY 2003, CDBG funds in the amount of \$828 million were spent on public improvements, such as the development and improvements of public facilities, street and sidewalk improvements, water and sewer improvements, senior centers and child care facilities, and the development of parks and recreational facilities, among others.
- In FY 2003, \$513 million in CDBG funds were spent on public services, such as services for senior and youth projects, health services, operating costs for homeless/AIDS program, transportation services, employment training, services for abused and neglected children, services for the disabled, and fair housing activities, among others.
- In FY 2003, CDBG funds in the amount of \$237 million was spent on economic development activities such as direct financial assistance to businesses, commercial and industrial improvements, and technical assistance.

HOME Investment Partnerships Program Fact Sheet

- As of February 29, 2004, the HOME program has committed funds to 785,553 units of affordable housing.
- The program leverages \$3.01 in private and other funding for every one dollar of HOME funds.
- Since 1992, the program has assisted over a quarter of a million families buy a home of their own. The HOME cost per unit to assist families in purchasing a home is \$7,377 per unit.
- Since 1992, the program has increased the number of affordable rental units available on the market by constructing and/or rehabilitating over 315,000 rental units for occupancy by low-income families.
- Since 1992, the program has improved the quality of housing for low- and moderate-income households by providing rehabilitation assistance to over 152,000 households.
- The program is deeply targeted, with a majority of the funds distributed to projects that assist households at or below 50% of area median income.
- Since 1992, 87.2% of the funds provided for rental housing, including tenant-based rental assistance, has been targeted to families at or below 50% of area median income, while 68.8% of the funds provided for owner-occupied rehabilitation has been made available to homeowners at or below 50% of area median income.
- Homebuyer assistance has been more widely targeted, with 52.2% of the funds provided to families at or below 60% of area median income, and the remaining 47.5% provided to families at 61-80% of area median income.
- Since 1992, 37.2% of the total HOME funding has been provided for new construction, 46.3% for rehabilitation, 13.9% for acquisition, and 2.6% for tenant-based rental assistance.
- Participating jurisdictions are required to provide 15% of their HOME program allocation to Community Housing Development Organizations (CHDOs), which are non-profit, community-based organizations. Since 1992, participating jurisdictions have exceeded this goal by providing, on average, 22% of their HOME program allocation to CHDOs.
- Fifty-five percent of HOME-assisted homebuyers are minorities.
- Since 1992, the program has provided direct rental assistance to over 100,000 households.

Section 108 Loan Guarantees

Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) program. Section 108 provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects.

- Since 1978, over \$6.5 billion in Section 108 lending has helped to finance approximately 1,500 total deals and stimulated over \$19.5 billion in private sector investment. These results have occurred at a cost of only around \$150 million to the federal government. The only actual budget outlays associated with the program are credit subsidy and administrative expenses, which represent just 2.3% of the total amount of loan guarantees authorized.
- In FY 2003 alone, the program created or retained 11,700 jobs.
- There has never been a call on this federal guarantee.
- For each dollar of Section 108 funding, an additional \$1.54 in private funding is leveraged.
- The survival rate of businesses assisted through Section 108 is good, with over 80% of the businesses still in operation after three years.

JOE WARDY
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ANTHONY COBOS
DISTRICT NO. 8

August 24, 2004

The Honorable Silvestre Reyes, Congressman
1527 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Reyes:

As the FY 2005 appropriation process continues, we respectfully request your support for two critically important programs within the U.S. Department of Housing and Urban Development (HUD): the Community Development Block Grant (CDBG) and the HOME Investment Partnerships (HOME) programs. These two programs allow local governments to address a variety of housing and community development needs. CDBG and HOME work, and they are making a real difference in people's lives. It is our sincere hope that these effective programs be funded at levels that reflect the very real community development and affordable housing needs that exist across the country.

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We appreciate your continued support of these programs. Please feel free to contact Ms. Nathalie Prise, Interim Director of the City's Department of Community and Human Development, at (915) 541-4643 with any questions.

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- Since 1992, the program has increased the number of affordable rental units available on the market by constructing and/or rehabilitating over 315,000 rental units for occupancy by low-income families.
- Since 1992, the program has improved the quality of housing for low- and moderate-income households by providing rehabilitation assistance to over 152,000 households.
- The program is deeply targeted, with a majority of the funds distributed to projects that assist households at or below 50% of area median income.
- Since 1992, 87.2% of the funds provided for rental housing, including tenant-based rental assistance, has been targeted to families at or below 50% of area median income, while 68.8% of the funds provided for owner-occupied rehabilitation has been made available to homeowners at or below 50% of area median income.
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August 24, 2004

The Honorable John Cornyn, U.S. Senator
517 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Cornyn:

As the FY 2005 appropriation process continues, we respectfully request your support for two critically important programs within the U.S. Department of Housing and Urban Development (HUD): the Community Development Block Grant (CDBG) and the HOME Investment Partnerships (HOME) programs. These two programs allow local governments to address a variety of housing and community development needs. CDBG and HOME work, and they are making a real difference in people's lives. It is our sincere hope that these effective programs be funded at levels that reflect the very real community development and affordable housing needs that exist across the country.

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August 24, 2004

The Honorable Kay Bailey Hutchison, U.S. Senator
284 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Hutchison:

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- In FY 2003, CDBG funds in the amount of \$237 million was spent on economic development activities such as direct financial assistance to businesses, commercial and industrial improvements, and technical assistance.

HOME Investment Partnerships Program Fact Sheet

- As of February 29, 2004, the HOME program has committed funds to 785,553 units of affordable housing.
- The program leverages \$3.01 in private and other funding for every one dollar of HOME funds.
- Since 1992, the program has assisted over a quarter of a million families buy a home of their own. The HOME cost per unit to assist families in purchasing a home is \$7,377 per unit.
- Since 1992, the program has increased the number of affordable rental units available on the market by constructing and/or rehabilitating over 315,000 rental units for occupancy by low-income families.
- Since 1992, the program has improved the quality of housing for low- and moderate-income households by providing rehabilitation assistance to over 152,000 households.
- The program is deeply targeted, with a majority of the funds distributed to projects that assist households at or below 50% of area median income.
- Since 1992, 87.2% of the funds provided for rental housing, including tenant-based rental assistance, has been targeted to families at or below 50% of area median income, while 68.8% of the funds provided for owner-occupied rehabilitation has been made available to homeowners at or below 50% of area median income.
- Homebuyer assistance has been more widely targeted, with 52.2% of the funds provided to families at or below 60% of area median income, and the remaining 47.5% provided to families at 61-80% of area median income.
- Since 1992, 37.2% of the total HOME funding has been provided for new construction, 46.3% for rehabilitation, 13.9% for acquisition, and 2.6% for tenant-based rental assistance.
- Participating jurisdictions are required to provide 15% of their HOME program allocation to Community Housing Development Organizations (CHDOs), which are non-profit, community-based organizations. Since 1992, participating jurisdictions have exceeded this goal by providing, on average, 22% of their HOME program allocation to CHDOs.
- Fifty-five percent of HOME-assisted homebuyers are minorities.
- Since 1992, the program has provided direct rental assistance to over 100,000 households.

Section 108 Loan Guarantees

Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) program. Section 108 provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects.

- Since 1978, over \$6.5 billion in Section 108 lending has helped to finance approximately 1,500 total deals and stimulated over \$19.5 billion in private sector investment. These results have occurred at a cost of only around \$150 million to the federal government. The only actual budget outlays associated with the program are credit subsidy and administrative expenses, which represent just 2.3% of the total amount of loan guarantees authorized.
- In FY 2003 alone, the program created or retained 11,700 jobs.
- There has never been a call on this federal guarantee.
- For each dollar of Section 108 funding, an additional \$1.54 in private funding is leveraged.
- The survival rate of businesses assisted through Section 108 is good, with over 80% of the businesses still in operation after three years.